



Families Program

CHILD DEVELOPMENT POLICY ADVISORY COMMITTEE

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On September 18, 1997, the Child Development Policy Advisory Committee hosted a panel discussion on the newly formed Healthy Families Program (HFP). The following is a report of the key points made during the discussion, as well as a summary of materials distributed during the panel session.

Moderator:

Mary M. Emmons, Director, Children's Services International and Comprehensive Children's Services Workgroup.

Panel Members:

Peter Anderson, Deputy Director, Managed Risk Medical Insurance Board (MRMIB).

Maridee Gregory, MD, Director, Children's Medical Services, CA Dept. of Health Services (CMS, CDHS).

Kathleen Finnigan, Consultant, Senate Finance, Investment and International Trade Committee.

Dr. William Feaster, American Academy of Pediatrics (AAP).

Background (Federal)

On August 5, 1997 Congress and the President approved a \$24 billion federal grant to the states. This grant, the Children's Health Initiative, is designed to provide health coverage for children of the working poor, and earmarks \$855 million in matching funds for the State of California. The California legislature, in a bi-partisan effort through AB 1126 and SB 903, created the Healthy Families Program in order to draw these funds down. This program will be administered by the Managed Risk Medical Insurance Board. The program is expected to start in California on July 1, 1998 with an end date of January 1, 2004, commensurate with the expiration of a federal financial commitment.

Healthy Families Program Background

Peter Anderson explained that the federal bill provides direction to states for administering the federal grant. The funding is specifically targeted at insuring children in families with an annual income that falls between 100-200 percent of the federal poverty level. The California version of the child health program uses a "PERS type" system, providing open enrollment from a menu of approved health plans. The California program will feature a full benefit package, including dental, health and vision with families committed to premium payments and co-payments for certain services.

No charges are levied on families for:

- hospital visits
- well-baby and child exams
- immunizations
- dental diagnostics
- basic dental services
- pre-natal care

The program is streamlined and simplified to facilitate coverage-families can mail in their application and will pay a modest copayment and fee. The program also maximizes the utility of existing providers: the direct pay to the providers allows participation which avoids welfare stigma. No asset test will be administered for Medi-Cal children, and the state raises to 100% the eligibility of individuals 14-18 years of age who are currently ineligible for Medi-Cal at 84 percent of the federal poverty level.

Timeline:

Mr. Anderson expects staff hiring and negotiations with health plans to start at the end of this year and the beginning of next year, with the possibility of starting open enrollment by next spring. MRMIB will be meeting more frequently to obtain public opinion for implementing the program, with emergency regulations being issued shortly. An Advisory Committee will also be formed; nominations for this committee are being accepted through November 1, 1997.

Eligibility:

One of the most important functions of this program concerns the one-year eligibility period. Medi-Cal covers children up to one year of age to 200 percent of the Federal Poverty Level (FPL) ages one to six to 133% of the FPL, and up to 18 years of age to 100 percent or less of the FPL. As previously stated, the Healthy Families Program will cover children who are not eligible for Medi-Cal but whose family income falls between 100 and 200 % of the FPL. If children are disenrolled from an employer-based health plan, they must wait 3 months to enroll in Healthy Families; if families drop private coverage, the child may begin Healthy Families Program participation the following month. The Board maintains the discretion to extend the waiting period for up to six months if "crowding out" by employers occurs. Supplemental and wrap around programs may be offered in the form of vouchers to those with other benefits that are not as comprehensive as the Healthy Families program.

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Fiscal Considerations

Ms. Kathleen Finnigan, staff consultant to the Healthy Families Conference Committee, outlined funding for the program. California is eligible for \$855 million dollars but, due to the estimated population eligible for the program, will not need the full amount available. Therefore, the funding breakdown is as follows:

\$311 million - federal funds
\$168 million - state funds
\$479 million - total resources

The above figures were calculated using a 65/35 federal to state ratio. Only 50 to 60 percent of the full cost will be incurred in the first year of start-up because patients will need to be recruited and the bill does not go into effect until January 1998. Participants are required to pay a premium and co-payments for care other than preventive services. The Department is making the following considerations.

- Monthly fees of \$7.00 per child, \$14.00, maximum, for those between 100 and 150 percent of the federal poverty level.
- Monthly fees of \$9.00 per child, \$27.00 maximum, for those between 150 and 200 percent of the federal poverty level.
- Maximum yearly co-pay for a family cannot exceed \$250.00.
- Families that pre-pay three months in advance will get a discount

100 to 200 percent of the federal poverty level is the equivalent of an annual income of \$16,000 to \$32,000 for a family of four. Ms. Finnigan also noted that the program is designed so that families who prepay three months worth of insurance will get the fourth month free. Thus, a family could conceivably receive up to three months free coverage in any given year.

Health Services Perspectives

Dr. Maridee Gregory, Chief of Children's Medical Services for CDHS, itemized some of the activities the department is doing to help implement the Healthy Families Program. These activities include:

- Making one simple application rather than the complicated application packet used for Medi-Cal;
- Having the CHDP provider serve as the entrance point for Medi-Cal and the Healthy Family program;
- Allowing retroactive, or presumptive, eligibility for CHDP which will allow services for thirty days before actual enrollment;
- Allowing the Children's Service's Programs to function as a "carve-out" of the Healthy Family program.

Dr. Gregory outlined some of the positive elements of the program:

- Families will have the opportunity to determine which program best serves their needs.
- It also presents the opportunity to expand children's mental health services.
- Unlike Medi-Cal, Healthy Families provides one year eligibility.

Dr. Gregory noted some of the mediums in which outreach could be provided for enrolling children into the program. Such as:

- Child care providers
- Head Start programs
- Women, Infants, and Children (WIC) programs
- Community-based programs
- The media

Mary Emmons emphasized that there will be outreach challenges with different cultural communities as well as groups whose primary language is not English. Dr. Anderson articulated that in the legislation, a requirement exists to reach out to all individuals, particularly non-primary-language speakers.

American Academy of Pediatrics

Dr. William Feaster, representing the American Academy of Pediatrics, called the Healthy Families Program a "top priority" for the Academy. Dr. Feaster noted some Healthy Families program components are seen by the Academy as challenges. Some of the program principles of the Healthy Families program that differ from Academy principles are:

- The gap in coverage between children 18 and 21 years of age not covered by the Healthy Families Program. The Academy defines children up to the age of 21;
- The belief that the CCS and CHDP programs need to be continued, particularly the CHDP's tracking mechanism for care, which ensures that health care is provided;
- The need for accessible provider choice, including the availability of pediatric specialists for children;
- The inclusion of an evaluation component; and
- Adequate compensation for pediatricians.

Dr. Feaster reiterated that the Academy applauds the success of establishing a Healthy Families Program and raised some of the challenges for the program:

- **Preventive care** - There are difficulties with monitoring care for children. The Academy encourages MRMIB and CDHS to implement a fee-for services program to ensure services are provided.
- **Provider Choice** - In many communities there is a concentration of safety-net providers. The Academy requests when making regulations to please respect current doctor/patient relationships. Dr. Anderson noted that this will be a major issue of concern and that the Academy's input will be much appreciated.
- **Benefit Package** - The Academy would like to participate in the details of securing the benefits.
- **Presumptive Eligibility** - Some programs don't allow for Doctors to provide care when children show up with other problems. The Academy wants to ensure that the pediatricians will be able to initiate care for their patients as needed.
- **MRMIB's Charge** - The Academy is concerned that not all of the money is being used to provide health care for children who need it. It is estimated that Healthy Families will cover 580,000 children. However, Academy statistics state 1.6 million children are currently with out health care --

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leaving an estimated 500,000 children without care in addition to children between the ages of 18-21. The Academy would like to share a solution known as the four-percent solution. This would provide low-cost health insurance to families whose income exceeds 200 percent of the FPL.

Dr. Feaster concluded by reiterating the Academy's excitement about this plan and expressed its eagerness to work with MRMIB

Open Forum Discussion

The following are comments and questions regarding the Healthy Families Program.

"One very nice thing about this program is the one year eligibility which is really wonderful. I think it's really unusual for a government program to have a one-year eligibility for a health care program. It certainly doesn't exist in Medi-Cal at this time. This makes it much easier for families."

"Along that same line, hopefully we can apply the same type of guaranteed eligibility in Medi-Cal. It would be distressing to see a group of children that are in an even lower poverty level potentially falling in and out of programs. It is certainly one of the Academy's positions to have the same type of guaranteed eligibility, extended to Medi-Cal kids."

Question: "Many parents of Medi-Cal children cannot find Pediatricians in their community who take Medi-Cal patients. Will the Healthy Families Program make pediatrician services more available?"

Answer: "There are some problems geographically in which poor availability exists. Unfortunately there will be programs that won't participate and we don't have the power to require compliance. Hopefully with this traditional model, there will be more access to pediatricians."

Answer: "Providers will be encouraged to bid, so it's expected that more people will be involved. The models that MRMIB is using for the Healthy Families Program are the Major Risk Medical Insurance Plan, which insures health care for patients with pre-existing conditions. This program is funded by the tobacco tax initiative. Also, MRMIB administers small business health plans. Both of these programs have been successful with good rates and a large network of providers. With 580,000 children in need of health care, it seems that every plan is going to want to participate."

Question: "The difficulty of Medi-Cal is that many doctors stopped serving Medi-Cal Patients. In one instance a very dedicated pediatrician stopped serving patients because of the state budget impasse. It was tragic to see a dedicated doctor find themselves financially unable to continue their work."

Answer: "Priorities will be given to safety-net providers and traditional providers so they will want to sign up for this advantage that Medi-Cal doesn't provide."

Question: "Is the Healthy Families Program going to be implemented at the County level?"

Answer: "No. MRMIB will be contracting directly with providers and health plans."

Question: "Is there a residency or citizenship requirement?"

Answer: "Yes. It is the same definition as the Federal requirement."

Question: "Will health care providers be soliciting patients and will there be enough financial incentives for them?"

Answer: "A \$50 dollar finder's fee will be available for anyone who signs up people for the program. For example, schools and community organizations can refer people."

"The Healthy Family Advisory Committee could work with the Child Development Policy Advisory Committee to address ideas of health education especially when dealing with young families and young children. There is a natural link with the child care community. We would like to promote wellness and health education on an on-going basis."

Question: "Speaking to problems with Medi-Cal, are children going to be signed up in the Healthy Families program so they can receive immediate care from a pediatrician rather than go to a 'gate-keeper' first?"

Answer: "We want to make sure every plan in this program doesn't limit patient access to a pediatrician. We also want to make an effort not to serve previous patient/doctor relationships."

"We do have some anecdotal information on a child with Spina

Bifida that was referred to a "gate-keeper" that was not aware of the child's special needs. It took a while before the child made it to a specialist."

"Federal changes allow for a child to disenroll in a managed care system and enroll in a fee for service program."

Question: "How do Medi-Cal and the Healthy Families Program dovetail?"

Answer: "They are totally separate by virtue of their income requirements."

Question: "Can child care providers access a subsidy for mental health services on behalf of a child?"

Answer: "This program is like PERS. It provides 20 outpatient days and 30 inpatient days."

Mary Emmons noted that this was an interesting question and that issues of special needs children need more attention. There is a gap between the needs and the resources available for these children. It was suggested that this topic be addressed in the Comprehensive Children's Services Workgroup with the participation by the Department of Mental Health.

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The following is a summary of handouts provided by the MRMIB at the Committee meeting on September 18, 1997:

Summary of Healthy Families Programs

The Program focus is a child centered comprehensive benefits system that covers health, dental, and vision insurance with low monthly premiums to low wage California families.

- **Eligibility Criteria** is defined as uninsured children (ages 1-19) in families with incomes of less than 200% of the federal poverty level who are not eligible for no cost Medi-Cal.
Example: A family of three with an income range of \$13,330 - \$26,660

- **Monthly Premiums** are required of all families participating in the program. Families that select the lowest priced plan available in their area will pay from \$7-\$27 per month depending on their income and the number of children enrolled. Families that select more expensive plans may be asked to pay more.

A discount of \$3 per child per month will be offered to families selecting the plan in each area that has done the best job of including traditional and safety-net providers in its provider network. In addition, families that prepay three months of premium will be entitled to a fourth month free.

- **Benefits** for children enrolled in the Healthy Families Program are the same standardized benefits received by children of state and local government employees through the PERS and DPA-benefit programs. The following services will be covered under this program:

Health: physician visits, inpatient care, prescription drugs, and emergency care. Also included are preventive services such as immunizations well child visits, periodic health exams, mental health, and substance abuse.

Dental: exams, cleanings, fillings sealants, bridges and crowns, and medically necessary orthodontia.

Vision: annual exams, and eyeglasses.

- **The Application Process** requires families to enroll by using a mail-in application process. Applications and other program materials will be available in several languages. A toll-free phone number will be available to assist families in completing application forms. Entities such as school districts, and child care centers, and individuals such as insurance agents will be paid a fee for assisting families in filling out their application.
- **Program Availability** starts with open enrollment in May or June of 1998. The first date of coverage will be July 1, 1998.

Healthy Families Operational Milestones

- October 1997: Begin public comment on regulations.
- November 1997: Appoint Advisory Committee, continue public review and comment of regulations model

enrollment contract available, negotiation meetings with potential enrollment contractors, first Advisory panel meeting.

- December 1997: Public review and comment on regulations, finalized and file program regulations with OAL, award enroller contract, meet with entities interested in serving as health, dental and vision plan contractors.
- February 1997: Proposals due from interested health, dental, and vision plan contractors, begin pre-enrollment informational campaign.
- March 1998: Award contracts to plan providers.
- April 1998: Begin outreach campaign, finalize program brochures.
- June 1998: Program enrollment materials available.
- July 1998: First children enrolled in program.

Healthy Families Advisory Panel

The Healthy Families Program will be administered through the Managed Risk Medical Insurance Board. A Healthy Families Advisory Panel will be established to provide the Board with recommendations on policy, regulations operations, and implementation. Panel members will serve on a voluntary basis and be compensated for travel expenses.

The Advisory Committee will include a fourteen-member panel composed of the following membership:

- Three representatives from the subscriber population.
- One physician/surgeon who is certified in pediatrics.
- One physician/surgeon who is certified in family practice medicine
- One representative from a licensed nonprofit primary care clinic
- One representative from a licensed hospital that is on the disproportionate share list maintained by the State Department of Health Services
- One representative of the mental health provider community
- One representative of the substance abuse provider community
- One representative of the county public health provider community
- One representative of the education community
- One representative of the health plan community
- One representative of the business community
- One representative from an eligible family with special needs children

Persons interested in serving on the advisory panel should forward a resume, a brief statement indicating their interest in serving on the panel, and an indication of which advisory panel seat they are interested in representing to: MRMIB, 818 K Street, Room 200, Sacramento, CA 95814. The Application deadline is close of business October 24, 1997.

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